U.S. Department of State
FY 2000 Country Commercial Guide: Paraguay

The Country Commercial Guides for Paraguay was prepared by U.S. Embassy Asuncion and released by the Bureau of Economic and Business in July 1999 for Fiscal Year 2000.

TABLE OF CONTENTS

Chapter 1. Executive Summary

The Country Commercial Guide (CCG) presents a comprehensive look at Paraguay's commercial environment, using economic, political, and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. Government agencies.

Paraguay has continued to consolidate its democracy, though this has yet to translate into economic growth. The May 1998 General Elections were considered free and fair, but the elected government's refusal to dialogue with the opposition-controlled Congress and its increasing defiance of the Supreme Court led to President Cubas-Grau's resignation following the assassination of Vice President Argaña and violent popular protests.

On March 28, 1999, the President of the Senate, Luis Gonzalez-Macchi, was sworn in as President of the Republic and began to form a coalition government with Ministers named from each of the three principal parties.

The new government's success largely will be determined by its ability to keep the coalition together and to make public policy that effectively addresses the pressing social and economic problems. It is not yet clear if the new government will promote long-needed privatization or undertake gradual reforms. The seven months of the Cubas-Grau administration was marked by some sound, market-based policies, but a complete inability to work with the legislature to bring those policies into effect.

Paraguay's economy is currently in recession, having seen anemic growth since the 1995 recession. The GDP grew 2.7 percent in 1997 and contracted 0.5 (one half) percent in 1998. Agricultural export growth has been mixed, with increases in soy production and export, but a continued downward trend in cotton production, largely the result of the "El Niño" weather phenomenon, declining world cotton prices and mismanagement of the government cotton reactivation program. A significant portion of Paraguay's economy is black and gray market activities, such as smuggling legitimate and illicit goods to and from neighboring countries, which are not completely captured in Central Bank statistics.

Paraguay's membership in Mercosur offers important opportunities. Efforts to improve weak infrastructure, especially in power transmission and distribution, telecommunications, road, river, and civil aviation systems, potable water, and sewage treatment, provide potential markets for the United States goods and services. Paraguay's low cost inputs, investment incentives, and location also make it an interesting prospect for assembly/distribution facilities for the 200 million-consumer Mercosur market.

The same infrastructure deficiencies that provide opportunities for U.S. companies to participate in improvements undermine Paraguay's ability to attract investment in other areas. Institutional deficiencies, such as inadequate protection of property rights, both physical and intellectual, are also disincentives to foreign investment. Judicial and legislative efforts are underway to address these issues, but their impact will take some time. Institutionalized corruption is also a barrier to investment.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at http://stat-usa.gov/; http://www.state.gov/; and, http://www.mac.doc.gov. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country specific commercial information should contact the U.S. Department of Commerce, Trade Information Center, by phone at 1-800-USA-TRADE or by fax at (202) 482-4473.

Chapter 2. Economic Trends and Outlook

Major Trends and Outlook

The May 1998 general elections, which resulted in the August swearing in of Raul Cubas-Grau as President, marked a bright spot in the continuing consolidation of Paraguay's nascent democracy. Barely seven months later, however, Cubas-Grau was impeached by the Lower House and resigned prior to being removed from office by the Senate. Cubas-Grau's defiance of the Supreme Court led to enormous tension with the opposition-controlled Congress. The assassination of Vice President Argaña in March 1999, followed by violent street protests convinced Cubas-Grau to resign.

The Cubas-Grau administration did cut government expenditures and improved revenues, but was unable to move its economic plan through Congress. The general state of the economy deteriorated during 1998. Important early actions by the new Gonzalez-Macchi government, especially to address government spending, privatization, the financial sector, and the size and scope of the informal economy, will be necessary to provide confidence both to foreign and domestic investors. While Mercosur-oriented investment will continue, the general economic climate is guarded. The financial system is still reeling from poor fiscal management, tight credit and the effect of bank failures over the past four years. 1997 and 1998 saw little progress in the area of economic reform, the result of leadership preoccupied with the May 1998 general elections and later the stand-off between the Cubas-Grau administration and the legislature.

The economy grew at an anemic 2.6 percent in 1997 and actually shrank 0.5 (one half) percent in 1998. Inflation was kept in check in 1997, totaling only 6.2 percent, but spurred in part by a devaluation of the local currency, jumped to 14 percent in 1998. Cotton production continues its downward trend, while soy production increases, with approximately 3 million tons of soybean production predicted for 1998/1999. The 1999 cotton harvest is expected to be half of 1998's, or roughly 150 tons. New export crops, such as wheat, manioc root, and corn, continue to make strong showings, although these non-traditional exports continue to represent only a small portion of total agricultural exports. Agro-industrial investments in processing of citrus fruit, grains, and manioc could spur additional growth. The government has made little headway in bringing much of the country’s economic activity into the formal sector.

A recent Central Bank study pegged the Ciudad del Este re-export trade, excluding contraband, at 2.2 billion dollars in 1998, down from 4.2 billion in 1995. (The dynamic of the re-export trade is driven by Paraguay's low import taxes on specific categories of goods meant to be re-exported to neighboring countries. Buyers from neighboring countries purchase these goods in Paraguayan border towns and carry them back to their country, either in quantities small enough to avoid import taxes or by making extra-official arrangements with border authorities in their country. A variant on the re-export trade is triangulation, a process by which domestically produced goods that have a high domestic tax, but a low export tax, such as cigarettes, are exported to Paraguay, only to be smuggled back into the exporting country in order to avoid the high domestic tax). The devaluation of the Brazilian real in January of 1999 has further reduced the re-export trade. The devaluation has also lowered the relative cost of Brazilian products and spurred a flood of these products into Paraguay. It is estimated that half of all imports from Brazil are unregistered, thus avoiding duties, sanitary control and labeling requirements.

Given the Government of Paraguay’s dependence on import duties for revenue, the collapse of the re-export trade could have serious macro-economic and fiscal consequences. Several incidents of the past few years involving the reduction in traffic through Paraguay’s Ciudad del Este have spurred calls for reorienting Paraguay’s informal economy, but to little avail given the enormous distractions posed by the political climate over the past two years.

Principal Growth Sectors

The principal areas for growth in the near future reflect the country’s immediate need to improve its infrastructure and become more competitive in Mercosur. Initiatives in energy, telecommunications, and road construction all offer important opportunities. Some U.S. fast food franchises have experienced strong growth. Paraguay also offers an interesting alternative for assembly operations aimed at Mercosur, with attractive investment incentives (tax breaks, duty free import of capital goods, unlimited repatriation of capital) and the lowest factor costs (especially energy) in the region. Extremely low land values in the Chaco region of northwestern Paraguay make it an attractive area to develop carbon offset projects. These projects are gaining increasing interest among utility companies and other industries that emit greenhouse gases and are investing in forested land or land for reforesting, which capture carbon during photosynthesis and "offset" the greenhouse gases the companies produce. Under the 1997 Kyoto Framework Convention on Climate Change first steps have been taken to set up an international market for carbon offsets.

Government Role in the Economy

The Paraguayan government continues to be the primary actor in the economy. It is the largest employer and the budget represents almost 40 percent of GDP (although only about three quarters of the budget was actually executed). Of the budget spent, 80 percent went to salaries and other current expenditures, 15 percent for servicing foreign debt, and 5 percent for investment. Until recently, the government has followed a stringent monetary policy aimed at controlling inflation and maintaining the value of the local currency. In June 1999, the Central Bank lowered interest rates on short-term notes sold to private banks and stopped selling foreign reserves to protect the Guarani. The latter resulted in a double-digit devaluation in a little more than a month.

While inflation in 1997 was a modest 6.2 percent, it ballooned to 14 percent in 1998. The first quarter of 1999 has seen an annualized inflation rate of only 3.6 percent, due in part to cheap Brazilian imports, a delay in the annual rate increases for public utilities, an ongoing recession and no across the board pay increases for government employees. The local currency lost almost 30 percent against the dollar between June 1997 and May 1998, then remained remarkably stable until June 1999. This stability has come at a price, as the Central Bank has used almost a quarter of its reserves since January 1999 protecting the Guarani. In June the President of the Central Bank said his institution would not longer intervene in the markets to stabilize the exchange rate. His comments sparked an eleven percent devaluation in the Guarani between June 1 and July 6. Reform efforts, including privatization, are effectively on hold while the new administration seeks to develop its own policies on these issues. President Gonzalez-Macchi and his economic ministers have not come out in favor of privatization. There have been many statements by the new government about a continued government presence in the energy and communications sectors. The Minister of Public Works has indicated that he hopes to privatize highway maintenance and perhaps some highway construction.

Balance of Payments Situation

Preliminary 1998 figures show a current account deficit of \$226.6 million and an increase in reserves of \$28.6 million, which were offset by capital flows of \$176.6 million and net errors and omissions of \$78.7 million (reflecting among other things, the unregistered re-export trade). Foreign exchange reserves fell well below the \$1 billion mark, and hovered at \$650 million by first quarter of 1999.

Infrastructure

Paraguay's poor infrastructure is a key obstacle to growth. There are two international airports operating, one in Asuncion and the other in Ciudad del Este, but neither has a functioning radar system. Paraguay has a road network of approximately 30,800 kilometers of which only 2,800 kilometers is paved, 500 kilometers is gravel, and the remainder unpaved. Over \$200 million in new roadwork is being financed by regional and multilateral development banks, but these projects are behind schedule. Paraguay has a well-developed river network, and is working with its neighbors to improve the Paraguay-Parana waterway through physical improvements and more harmonized regulations .

Telecommunications is the key sector for investment in the country. Paraguay's telecommunications has the greatest expansion potential in Mercosur. There are 5 phone lines per 100 inhabitants, and an estimated demand of almost 1 million lines. A new telecommunications law has freed up much of the value added spectrum, but the regulatory agency charged with overseeing the sector, CONATEL, has not acted quickly or transparently. The inefficiency of ANTELCO, the state-run telephone system, has been a bonanza for private cellular telephone operators. Paraguay is the only country in Latin America with more mobile phones than functioning fixed phones.

Paraguay and Brazil share the world's largest hydroelectric facility, Itaipu, with an installed capacity of 12,600 MW. A second dam, Yacyreta, is a joint project with Argentina, which, when finished, will have an installed capacity of

3,200 MW. Paraguay is the lowest cost provider of electricity in South America. Electrical coverage has also improved in recent years and is now over 70 percent. Potable water coverage is 27.7 percent nationally, with only 1.7 percent coverage in rural areas.

Chapter 3. Political Environment

Bilateral Relationship with the United States

Paraguay and the United States enjoy excellent bilateral relations. The United States strongly supports Paraguay's transition to full democracy and the consolidation of its democratic institutions. The United States also has an active development assistance program through the U.S. Agency for International Development, the Peace Corps, and the Inter-American Foundation. The United States funds a small military training program designed to professionalize the armed forces, and since 1989 has provided material and training to the Paraguayan anti-narcotics police under the terms of a bilateral agreement.

Major Political Issues Affecting Business Climate

There are several key political issues that affect business interests. The most immediate is whether the new Gonzalez-Macchi government returns to a statist, populist economic approach or seeks economic reform and market oriented policies. Another important issue is how the government balances revenue enhancement and spending. Long-term issues include the continued reform of the judicial system and the adoption of new Civil and Agrarian Codes, which will determine how different types of companies, operate in Paraguay. Government efforts to combat corruption and to decentralize will also be crucial.

Brief Synopsis of Political System

Paraguay is a constitutional republic with a strong executive branch and an increasingly important bicameral legislature. The judicial branch is independent, but continues to be susceptible to bribery and corruption and some judges continue to feel obligated to political leaders that helped them obtain their seat on the bench. Paraguay is divided into seventeen departments, each with its own elected governor and departmental board. The capital city of Asuncion is a separate administrative area, outside any department. The municipalities have had elected mayors and city councils since 1991.

The Colorado Party, which has governed for over fifty years, has become more statist since Luis Maria Argaña was elected party president in April of 1998. (Argaña was assassinated on March 23, 1999, at which time he was serving as Vice-President of the Republic.) The party is split into factions that respond to competing party leaders. There are two primary factions: the one now in power was formed by late Vice-President Argaña, and a second, now in disarray, formed by loyalists of self-exiled former Army Commander Lino Oviedo. President Gonzalez-Macchi is from the Argaña faction. The leading opposition parties, the Liberals (PLRA) and National Encounter (PEN), formed an electoral alliance for the 1998 general elections, but were defeated by the Colorado candidate in a landslide victory. They have joined President Gonzalez-Macchi in a coalition government.

Chapter 4. Marketing U.S. Products and Services

Distribution and Sales Channels

Paraguay does not have preferred or special marketing channels. Imported merchandise can be marketed through subsidiaries of the foreign companies, or local importers, distributors, and/or dealers.

How to Reach the Market

Foreign firms interested in establishing operations in Paraguay should hire experienced local attorneys and representatives to assist them in operating in a complex business environment. The selection of an appropriate agent/distributor is a determining factor in success or failure. Many local companies offer specialized marketing skills to foreign companies interested in the local market.

One significant drawback to selling in Paraguay is law 194/93, which establishes the legal relationship between foreign companies and their Paraguayan representatives and potentially imposes high costs on firms wishing to sever commercial relations with their Paraguayan representatives. This law requires that to end a contractual relation with a

Paraguayan agent or distributor, the foreign company must prove just cause in a Paraguayan court. If the relationship is ended without proving just cause, the foreign company must pay its representative an indemnity. The rights under this law cannot be waived as part of the contractual relationship between both parties. Foreign companies have paid large sums when ending distribution relationships in Paraguay to avoid lengthy court cases or have maintained underperforming representatives to avoid such payments.

Franchising

Franchising operators are beginning to penetrate the market. Several foreign companies have recently granted franchising rights to local firms in the areas of fast foods, laundry, and clothing. This could be a high growth sector in the future.

Joint Ventures/Licensing

Law 117/91, which guarantees national treatment to foreign firms, also regulates joint ventures. Under the law, the government recognizes joint ventures established through formal legal contracts between the interested parties. The Cubas-Grau government was considering projects using the BOT (build, operate, transfer) methodology in telecommunications and energy. McDonald's operates as a joint venture in Paraguay.

Licensing agreements are widely used for the local production of international brands. Many foreign firms have licensing arrangements with local companies in the areas of apparel, toiletries and cosmetics, pharmaceuticals, processed foods, and audio and video recordings. Trademark infringement, especially of internationally recognized brands, is a serious problem in Paraguay.

Steps to Establishing an Office

The government of Paraguay allows the establishment of branches or subsidiaries of foreign companies. A legally authorized representative should head the branch offices. Voting board members must have Paraguayan residency. The documents listed below, authenticated by a notary public and by the Paraguayan consul in the country of origin, must be filed and registered at the civil registry in the Ministry of Industry and Commerce. Within ten days of completing this step, the same documents must be registered with the inspection department of the Vice Ministry of Taxation at the Finance Ministry.

--copy of the foreign company's by-laws;
--copy of the minutes of the foreign company's Board of Directors' meeting establishing a branch in Paraguay;
--a general power of attorney by the head office to its representative in Paraguay.

Customer Service and Marketing

The importance of support and follow-up cannot be overstated. Even after the products have gained acceptance in the market, suppliers should maintain close contact with their local representatives to keep apprised of problems, and to assess the market jointly. Periodic visits by officials of the exporting company are essential to helping reinforce ties with customers.

Competitive prices and quality are important. Generally, the market is willing to pay a premium for higher quality products, given the easy availability of substandard or counterfeit equipment. However, most deals are made or broken on the terms of financing.

The greater Asuncion area is the principal advertising center, with over one-third of the total population. Principal media for advertising are television and the press. Other widely used media include radio, billboards, signs, and direct mail. The following newspapers are widely used by local advertisers:

"Diario Abc Color"
Editorial Azeta S.A.
Director, Aldo Zuccolillo
Casilla Postal 1321
Calle Yegros 745
Asuncion, Paraguay
Ph: 595/21/491160
Fx: 595/21/493059
E-mail: azeta@abc.una.py
Web: www.abc.com.py, www.una.py/sitios/abc

"Diario El Dia"
Editorial Multimedia S.A.
Dir. Gen., Javier Pirovano-Peña
Av. Mariscal Lopez 2948
Asuncion, Paraguay
Ph & Fx: 595/21/603400
Email: eldia@infonet.com.py
Web: www.infonet.com.py/eldia

"Diario Ultima Hora"
Editorial El Pais S.A.
Dir., Demetrio Rojas-Cardoso
Calle Benjamin Constant 658
Asuncion, Paraguay
Ph: 595/21/496261 thru 496268
Fx: 595/21/447071
Email: uhora@supernet.com.py
Web: www.ultimahora.com

"El Diario Noticias"
Editorial Continental S.A.
Dir., Cristian Torres
Casilla Postal 3017
Av. Artigas y Brasilia
Asuncion, Paraguay
Ph: 595/21/292721 thru 292724
Fx: 595/21/292840
E-mail:
director@DiarioNoticias.com.py
Web: www.DiarioNoticias.com.py

"Diario La Nacion"
Editorial y Grafica Intersudamericana S.A.
Exec. Director, Alejandro Dominguez
Av. Zavala Cue entre Segunda y Tercera (Zona Sur)
Fernando de La Mora, Paraguay
Ph: 595/21/512520
Fx: 595/21/512535
E-mail: lanacion@infonet.com.py
web: www.lanacion.com.py

Selling to the Government

Government procurement requires a public bid if the purchase exceeds $76,000. (This sum is 10,000 daily minimum wages and so will vary with changes in the minimum wage and the exchange rate.) Foreign manufacturers/suppliers wishing to participate in government tenders must do so through their local legal agents or representatives. Local law grants Paraguayan companies a 15 percent price advantage over foreign competitors. Registered subsidiaries of foreign companies also qualify for this preference. U.S. firms participating in government tenders are strongly urged to contact the Embassy's Economic and Commercial Section and submit an advocacy questionnaire once the decision to participate has been made. Embassy advocacy in government tenders has helped ensure a more transparent process.

Protecting Your Product from IPR Infringement

Trademark infringement and counterfeiting are a serious problem in Paraguay. Owners of patents, trademarks, and copyrighted materials are advised to register their products with the Industrial Property Office in the Ministry of Industry and Commerce. The average trademark court case takes 10-15 years to resolve, with no assurance of regaining the trademark rights.

Chapter 5. Leading Sectors for U.S. Exports and Investment

A special regime for “re-export” goods will expire in 2006, but until that time the re-export trade to Brazil will continue to attract U.S. exporters. U.S. exports to Paraguay had soared as a result of strong demand for U.S. products by Argentine and Brazilian buyers, until a recent regional economic slowdown and Brazilian devaluation stalled demand. U.S. exports of computers and peripherals dropped by nearly 60 percent between 1997 and 1998.

While imports have shifted somewhat towards inexpensive items from Asia (including counterfeit goods), buyers are still drawn to shop for quality goods from the United States at much lower prices than in their home countries. High excise taxes in Brazil and Argentina, which are unaffected by Mercosur common tariffs, could continue to provide incentives to the import/re-export activities of Paraguayan merchants. Recent Brazilian government action to lower these taxes on specific items and the January 1999 Brazilian devaluation have prompted a drop in sales.

Ciudad del Este will continue to be seen as the "discount shopping center" of Mercosur. U.S. companies seeking to introduce their competitively priced or luxury products in Mercosur should consider a carefully vetted partner in Ciudad del Este. While this city is often recognized as a major center for illegitimate business activities, there are also serious businesspeople, who successfully represent high quality, well-known products and introduce these products via "shopping tourists" into neighboring Argentina and Brazil.

Best Prospects for Non-Agricultural Goods and Services

Given the informal nature of the re-export trade, there are no reliable estimates of the size of the market. The products listed below, however, continue to be best-sellers. Our projections for 1999 are based on interviews with merchants and observed trends in U.S. exports to Paraguay. The value of imports is also based on data from the U.S. Census Bureau, as the official Paraguayan Central

Bank figures underestimate U.S. exports by approximately 60 percent.

Sector	U.S. Exports (millions $)			
	1996	1997	1998	1999
Computers and Peripherals (CPT)	350	400	165	140
Office Machines and Equip (BUS)	175	200	167	145
Audio/Video Equipment (AUV)	85	100	80	65
Communications Equipment (TEL)	80	90	76	70
Photographic Equipment (PHT)	50	50	40	35
Toys and Games (TOY)	35	40	36	40
Tobacco Products (TOB)	35	40	51	40

Significant Investment Opportunities

Membership in Mercosur, and competition with fellow Mercosur members, have highlighted the need for more efficient telecommunications. The 1996 telecommunications law opened up the sector, and CONATEL, the regulatory entity created by the law, is, at least on the books, charged with promoting open competition. Between 1995 and 1998 two cellular phone companies and several internet service providers entered the market, with several others currently making capital investments prior to launching their services. Paraguay is the only country in Latin America with more mobile phones than operating fixed phones.

Other areas for investment are in road construction (financed by regional and multilateral development banks), water/sewage provision (the state company is open to joint ventures with the private sector), and power transmission and distribution (there is not yet a regulatory framework allowing private sector participation in energy sector). Paraguay’s strategic location and low cost factor inputs also make it an ideal candidate for assembly operations and regional distribution centers.

Paraguay has agreements to operate free trade ports in Argentina, Brazil, Chile and Uruguay. Currently, only the free trade ports in Brazil are operating. Officials from the Ministry of Industry and Commerce have expressed interest in providing private sector concession to operate free trade ports in the other three countries.

The Government of the United States acknowledges the contribution that outward foreign direct investment makes to the U.S. economy. U.S. foreign direct investment is increasingly viewed as a complementary and necessary component of trade. For example, roughly 60% of U.S. exports are sold by U.S. firms that have operations abroad. Recognizing the benefits that U.S. overseas investment brings to the U.S. economy, the Government of the United States undertakes initiatives, such as Overseas Private Investment Corporation (OPIC) programs, investment treaty negotiations and business facilitation programs, that support U.S. investors.

Chapter 6. Trade Regulations and Standards

Tariffs and Import Taxes; Customs Valuation

Paraguay is a member of Mercosur (the Common Market of the South), a common market and customs union comprised of Argentina, Brazil, Paraguay and Uruguay. Since 1995 Paraguay has increased many of its external tariffs on products from non-Mercosur countries in order to conform to the Mercosur Common External Tariff (CET) of 0-20 percent. The tariffs on the 399 items on Paraguay's list of exceptions will be increased annually until they reach parity with the CET in 2006. In December 1997, the ceiling on the Common External Tariff was increased from 20 to 23 percent, but Paraguay was granted over 300 additional exceptions to this increase. The CET ceiling is scheduled to revert to 20 percent at the end of the year 2000.

From August 1, 1996 until July 15, 1999, two companies, SGS and Bureau Veritas, verified most imports at the point of origin. The decision not to renew the pre-shipment verification contract with these two companies was made by the Cubas-Grau administration and confirmed by the present government. Any serious effort to make Customs more business friendly and to increase Customs' revenue must first address corruption.

Import Licenses; Export Controls

Paraguay has an open market and does not require import licenses, except for guns and ammunition (the United States prohibits the export of guns and ammunition from the UNITED STATES to Paraguay). Paraguay has no export controls.

Import/Export Documentation

Import and export operations must be both processed through authorized banks and supervised by the Central Bank of Paraguay. Documents required for general imports are: a letter of credit issued by a local bank and the following documents provided by the merchandise vendor: certificate of origin of the merchandise; commercial invoice, packing list and bill of lading. The last four documents must be certified by a Paraguayan Consulate in the country of origin.

Temporary Entry

Paraguay has a temporary entry system, which allows duty free admission of capital goods such as machinery, tools, equipment, and vehicles to carry out public and private construction work. The government also allows temporary entry of equipment for scientific research, exhibitions, training or testing, competitive sports, and travelers or tourists items. In this case the following documents are required: a letter stating the reason for temporary entry, a detailed list of the equipment, including the purchase price of each item, and a local insurance policy covering the cost of the duties waived. For travelers and tourists, these documents can be processed prior to arrival by a local customs broker.

Merchandise introduced in the country under the temporary entry system may be nationalized in Paraguay by paying the requisite duties. The temporary admission system, to be phased out under Mercosur in 2006, allows entry of certain goods for subsequent re-export for a period of up to 12 months, which can be renewed once. Temporary entry for ten days for merchandise in transit is also permitted.

Labeling, Marking Requirements

Paraguayan regulations require that the country of origin be labeled on domestic and imported products. Expiration dates are required on medical products and some consumer goods. Health warnings on hazardous products, such as cigarettes, must be labeled in a visible place. As of January 1998 imported beer is required to display detailed manufacture and content information in Spanish, labeled at the point of packaging. A similar regulation was put in place for textile products and shoes. Negotiations for Mercosur-wide labeling requirements are underway.

Prohibited Imports/Standards

There are no import prohibitions, but in practice new regulations make it very difficult to import used clothing. Standards are set by the National Standards and Technology Institute (INTN). INTN is currently working with the standards institutes of the other Mercosur countries to establish Mercosur-wide standards. Only a handful of Paraguayan firms have ISO 900 certification.

Free Trade Zones, Ports and Warehouses

Paraguay is a landlocked country with no sea ports. However, it has been granted free trade ports and warehouses in neighboring countries' sea ports for the reception, storage, handling, trans-shipment, etc. of merchandise transported to and from Paraguay. The Paraguayan Port Authority manages the free trade ports and warehouses, but Paraguay has expressed interest in private sector concessions to develop and manage new free trade ports. Paraguayan free trade ports are located in Argentina (Buenos Aires and Rosario); Brazil (Paranagua, Santos and Rio Grande do Sul); Chile (Antofagasta); and Uruguay (Montevideo and Nueva Palmira). To date, only the Brazilian free trade ports are operating normally. In early 1995, the government approved a law permitting free trade zones in Paraguay, but its application depends on ongoing discussions within Mercosur.

Membership in Free Trade Arrangements

Paraguay is one of the four members of the Southern Cone Common Market, Mercosur. This is a customs union currently with a Common External Tariff of 0-23 percent. Mercosur signed a free trade agreement with Chile in July 1996, and Bolivia in December 1996. Similar arrangements are under negotiation with Mexico, Peru, and the European Union.

Chapter 7. Investment Climate

Openness to Foreign Investment

There are no formal restrictions to foreign investment in Paraguay. National treatment of foreign investors is guaranteed, as is full repatriation of capital and profits. Paraguay's tax burden is the lowest in Mercosur, with no personal income tax, a 30 percent earnings tax for businesses, and a 10 percent value added tax.

Government efforts to attract foreign investment through privatization have been stymied by political opposition. To date, four state-owned companies have been privatized: the airline in 1994 (which had gone bankrupt), a state-owned liquor producer, bought by its workers in 1995, the state merchant marine, split into five separate entities, three of which were sold in 1996, and the state steel company, sold in late 1997. Plans to privatize the railroad are underway, but progress has been very slow. Paraguay has a spotty track record on privatizations. The liquor producer was refinanced by the GOP after privatization and now the state is again the majority shareholder. The steel company is also seeking refinancing from the government. Political realities impede the process even further, as the large state-run companies most attractive to foreign buyers (such as telecommunications, water/sewage, and electrical companies) employ thousands of potential voters and are outlets for political patronage.

Conversion and Transfer Policies

There are no restrictions on conversion or transfer of foreign currency. However, in November of 1998, the Cubas-Grau administration made an aborted attempt to give a single bank monopoly rights over currency exchange between Ciudad del Este and Brazil. In late 1994, the government permitted foreign currency contracts, legitimizing a long-standing practice. Law 60/90 permits the repatriation of capital and profits and provides guarantees against inconvertibility. Repatriated profits are subject to a five percent tax on the amount remitted. There are no controls on foreign exchange transactions. The free floating exchange rate on July 5, 1999, was 3,300 Guaranies to the Dollar.

Expropriation and Compensation

Increasing pressure by peasants for land has led to invasions of rural properties and expropriations by the government. Over the past several years, the Congress has approved several expropriations, but the President has vetoed them. In many cases invasions are politically motivated, with parcels of land being awarded as political bounty by local politicians. The 1992 law calls for adequate compensation, but the financial condition of the Government makes this difficult.

Dispute Settlement

Law 117/91 guarantees national treatment for foreign investors. This law allows international arbitration for the resolution of disputes between foreign investors and the government. Paraguay became a member of the International Center for the Settlement of Investment Disputes on October 22, 1982 (Law 944/82). The Interamerican Development Bank financed the creation of a Center for Alternative Dispute Resolution, but the law permitting its operation is pending.

There is little confidence in the legal system because cases can take years, even as long as a decade to resolve and because accusations of undue influence on judges are widespread. However, the system is undergoing fundamental reform. A new Supreme Court assumed power in 1995, and a Council of Magistrates now appoints appellate and lower court justices. In addition, a Criminal Procedures Code has been approved and is scheduled to take affect in July 1999. It introduces radical changes, including oral arguments, more modern investigations and increased powers for public prosecutors. These reforms are expected to make the legal process more transparent, but their success depends greatly on training public prosecutors and judges to apply the new system. Both the Commercial and Civil Codes cover bankruptcy. Under current law, employee claims are first attended to during a bankruptcy, followed by state claims, and finally private creditors.

Performance Requirements/Incentives

A number of fiscal incentives (contained in Law 60/90), including a 95 percent tax exemption for five years and duty free import of capital goods, are available to all investors. Tax laws were simplified in 1991, and corporations now only pay corporate earnings tax of 30 percent. For re-invested profits, the tax rate drops to 10 percent.

Voting board members of any company incorporated in Paraguay must have legal residence. This has posed some obstacles to potential foreign investors. Another potential roadblock is Paraguay’s law protecting agents and distributors (Law 194/93). The law features severe penalties for severing relations with a distributor/agent (a percentage of gross sales since the inception of the contract to be determined by a judge) that often lead to expensive out-of-court settlements.

Right to Private Ownership and Establishment

Foreign and domestic private entities may establish and own business enterprises, except in the foreign exchange market, where majority ownership must be Paraguayan. Foreign businesses do not need to be associated with Paraguayan nationals for investment purposes. There is no restriction on repatriation of capital and profits. Private entities may freely establish, acquire, and dispose of interests in businesses. The following are state-owned monopolies: petroleum, cement, electricity, water, and basic and long distance telephone services.

Property Rights

The 1992 Constitution guarantees the right of private ownership. However, a complicated and sometimes non-transparent legal system makes upholding property rights difficult. While it is quite common to use property as security for loans, the lack of coherent property surveys and registers makes it often impossible to collect. A World Bank project aimed at rationalizing land registration entered its first implementation phase in April of 1999.

Intellectual Property Rights

Paraguay is recognized as a regional distribution and assembly center for counterfeit merchandise. The re-export trade to Brazil, catering to consumer demand for electronics, audio tapes/CD’s, designer clothing/footwear, among other items is a back-drop for widespread piracy. According to the International Intellectual Property

Alliance, losses due to piracy were over 298 million dollars in 1998. Based on the seriousness of industry concerns, Paraguay was designated as a Priority Foreign Country in January 1998 by the U.S. Trade Representative. On November 17, Paraguay and the United States signed a Memorandum of Understanding detailing future actions to combat commerce in pirated goods and to protect intellectual property rights.

Former President Wasmosy launched a national anti-piracy campaign in May 1997. The intent of the campaign was to channel all government resources through a national Intellectual Property Council and combat the increasing level of piracy. A year after its launch, the campaign had not been very successful. Although seizures and destruction of knock-off goods increased under the Cubas-Grau administration, pirates still operated with relative impunity and there is no overriding sentiment that "piracy is wrong" on the part of the populace. The Gonzalez-Macchi administration has publicly stated its intent to fight piracy. Some of the early successes of this administration include shutting down and destroying a high tech factory for pirated CDS and CD ROM's, and signing a law to make copyright crimes public actions and thus open to prosecution by public prosecutors.

The Government also submitted new trademark, patent and copyright laws to the Congress in late 1996. By October 1998, the trademark and copyright laws had been enacted. The Government hopes to attain passage of the patent law before the end of 1999, but at this time there is no consensus for effective legislation. Paraguay ratified all the Uruguay Round accords, including TRIPS in late 1994.

Transparency of the Regulatory System

The Civil Code and Law 1,034/83 regulate business and industrial activities in the country. Under the existing framework, the Ministry of Industry and Commerce is charged with overall industrial policy coordination; tax and fiscal policy is handled by the Ministry of Finance; and the Central Bank is the principal coordinator of monetary policy. All businesses need to be registered in three places: the municipality for a business permit, the Ministry of Industry and Commerce unit at the Central Civil Registry; and the Finance Ministry for tax purposes. The multiple registration procedure often takes months to complete.

Financial Markets

The Asuncion stock market opened in 1993 and by 1998 handled approximately $10-15 million a month in transactions. There are currently 60 companies traded and the exchange is expanding. The high cost of capital makes the market an attractive alternative, but the fear of losing control of family enterprises has tempered the enthusiasm for public offerings. Because tax evasion is widespread in Paraguay and to keep publicly traded companies from being at a competitive disadvantage, the government has reduced the corporate tax rate from 30 to 10 percent for companies that adopt transparent accounting practices and sell equity on the stock market. This tax benefit expires in the year 2008. In July of 1999 a new comprehensive law governing the stock market came into effect.

Credit is available through numerous sources. High collateral requirements are generally imposed. The banking system, though facing significant pressures and several recent closures, is generally sound, though susceptible to political influence and the effects of negative rumors.

Independent audits of financial statements are not legally mandatory. Paraguay’s Institute of Accountants has adopted the International Audit Guidelines issued by the Federation of Accountants.

Paraguay was rated in June of 1999 by Standard and Poor’s (B in long-term foreign currency, BB in long-term domestic currency), and previously (July 1998) by Moody’s (B2 long-term foreign currency credit, B3 long-term foreign currency deposits).

Political Violence

Paraguay has little recent history of political violence. The March 23, 1999 assassination of Vice President Argaña and political clashes between pro and anti Government factions, which resulted in eight deaths in the March political crisis were unprecedented. There have not been any incidents reported over the past few years involving politically motivated damage to private or public projects and/or installations.

Corruption

One of the most serious problems facing Paraguay is the legacy of institutional corruption after decades of dictatorship. There have been mechanisms created to combat corruption, such as the Comptroller's Office, which estimated losses due to corruption at about $2.3 billion in 1997, but investigations often become political and are seldom completed. The slow pace of judicial reform, and the continued lack of transparency of the system serve as barriers to development. A law protecting government employees, which makes it impossible to fire public servants even in the case of blatant malfeasance, complicates things further. While more people were jailed in 1996-1998 than ever before for corrupt practices, few remain incarcerated.

Bilateral Investment Agreements

The following countries have bilateral investment agreements or treaties with Paraguay:

Country	Type of Agreement or Treaty
Argentina	Convention Covering Investment and Industrial Harmonization, Oct. 22, 1968.
Brazil	Treaty of Friendship and Cooperation.
Chile	Convention Covering Investment and Industrial Harmonization. Sep. 19, 1974.
Uruguay	Convention Covering Commercial Interchange and Industrial Harmonization and Investments.
France	Convention Covering the Development and Protection Investments. Nov. 30, 1979.
South Africa	Convention on Economic Cooperation and Investment, Aug. 9, 1974.
Taiwan	Convention Covering Investments. Sep. 25, 1975.

United Kingdom	Accord on the Promotion and Protection of Investments, June 4, 1991.
United States	Agreement Relating to Investment Guaranties (OPIC), signed Oct. 28, 1955. Agreement relating to Investment Guarantees (OPIC), signed Sep. 24, 1992. Paraguay, along with Mercosur partners Argentina, Brazil, and Uruguay, signed the "Rose Garden Agreement," a framework agreement to encourage trade and investment.

OPIC Investment Insurance Program

In 1992, the United States and Paraguay signed an investment guaranty agreement which replaced the agreement signed in 1955. In addition, the Paraguayan government issued a decree on the same day delegating to the Ministry of Industry and Commerce the authority to approve cases. This allowed OPIC to begin full operations in Paraguay. There are currently two OPIC financed projects in the telecommunications and the forestry sectors.

Labor

The labor force is estimated at 1,800,000 and increases by approximately 100,000 new entrants annually. The government estimated unemployment in urban areas at 8.2 percent in 1996. However, private observers put the unemployment rate at 10-12 percent, with another 20-25 percent under-employment. With a population growth rate near 3 percent annually, a key challenge is the creation of enough jobs to meet increasing demand. Local businessmen also cite the lack of a skilled work force as a major obstacle to growth.

Major Foreign Investors

The major foreign investors in Paraguay from 1996-98 were Brazil, Argentina, France, the United Kingdom, Italy, Germany, and the United States. Foreign investment laws are among the most liberal in Latin America. Despite the incentives, private investment has been insufficient to maintain a sustainable pace of growth. According to government estimates, Paraguay needs $1 billion dollars annually in new investments to absorb the approximately

100,000 new entrants into the labor force every year. The current investment level is closer to $100-150 million.

Recent U.S. investments include nearly $200 million by Millicom, a cellular phone operator with shares listed on the NASDQ exchange, the $25 million purchase of a grain crushing facility by Cargill; approximately $60 million invested in a river transportation company; $27 million by Exxon; and several million dollars worth of investments by fast food companies (Pizza Hut, Burger King, McDonald's and Subway).

Chapter 8. Trade and Project Financing

Banking System

The 1996 banking law strengthened supervision of the banking system after a crisis in 1995 caused the collapse of ten local institutions and a subsequent $400 million government bail-out. The repercussions of the crisis continue, however, and in June 1997 the largest local bank, Banco Union, was intervened, and subsequently marked for liquidation. In September 1998, two of the largest public banks were intervened by the Superintendent of Banks. These banks held seven percent of all deposits and eleven percent of all outstanding loans. The Central Bank and the Cubas-Grau administration acknowledged the critical need to "weed-out" poor performing financial institutions from the market. The Gonzalez-Macchi government has dusted off a plan by the Cubas-Grau administration to increase reserves and pay depositors in failed institutions through a loan from Taiwan.

While there have been numerous interventions of local banks, the Paraguayan operations of international banks, such as Citibank, are sound. As of April 1999, 81.6 percent of deposits and 77.8 percent of all loans are held in banks that are 100 percent foreign owned or have majority foreign ownership.

The financial industry includes over 40 finance companies dedicated to smaller consumer operations off-limits to banks. Two banks are state-owned, 9 are foreign and the remainder are owned by nationals. The banking system operates mostly on short to medium term credit (12 months is the usual maximum for commercial transactions, although private finance of vehicles and homes is available on longer terms) in both local and foreign currency.

Banks and finance companies are regulated by the Banking Superintendent, which is housed within, and is under the direction of, the Central Bank. Deposits are guaranteed up to 30 million Guaranies (approximately US$ 10,000). About 85 percent of accounts have deposits at this level or lower. The Central Bank is regulated by a modern law, 489/96. While the Central Bank is relatively free from political control under this law, some articles do require executive branch approval to make final decisions. For example, the Central Bank requires a presidential decree to assign government funds to bailout an intervened bank.

Foreign Exchange Controls Affecting Trading

Paraguay does not have foreign exchange controls. Importers and exporters can buy and sell foreign exchange freely at commercial banks, finance companies or exchange houses at the going market rate (3,300 Guaranies per U.S. dollar on July 15, 1999).

Availability of Financing

Financing, including both import and export financing, is limited. Local banks provide revolving credit for up to 360 days which may be renewable. High nominal and real interest rates (generating a spread of more than 20 points in local currency) present a major obstacle to medium and long term financing. Export financing is normally obtained overseas. Nearly all banks have correspondent banking arrangements with U.S. banks primarily in New York and Miami.

Local commercial banks provide exporters direct financing, pre-financing of exports backed by a letter of credit, and discounting of a letter of credit upon shipment of the merchandise. EXIMBANK financing can be obtained through Citibank, the only U.S. bank present in Paraguay. Local insurance companies offer importers and exporters a full range of services covering trade activities.

The World Bank and the Interamerican Development Bank provide project financing for basic infrastructure projects, water systems, and roads. The current pipeline of approved and pending loans is close to $1 billion.

Infrastructure projects from regional banks, including the construction of a bi-oceanic highway, are also planned. OPIC also has an active financing and insurance program in place. The International Monetary Fund has offered to help the government in implementing fiscal reform policies to improve economic performance and bolster growth.

Chapter 9: Business Travel

Business Customs

There are no specific local business customs beyond the bounds of normal courtesy. Paraguayans are informal in observing appointment times, but foreign business visitors should not take such liberties when arriving for scheduled meetings. For social events, it is customary to arrive up to 30 minutes late. Persons are normally addressed by their academic or professional title, e.g. Doctor, Engineer, Architect, or Licenciado, in the case of university graduates.

Travel Advisory and Visas

A passport is required. U.S. citizens do not need visas for a three-month stay. For longer stays, a temporary residence visa, valid for one year and renewable, can be obtained once in Paraguay. Travelers can contact the Paraguayan embassy at 2400 Massachusetts Ave. NW, Washington, DC, 20008, phone: (202) 483-6960, or consulates in Los Angeles, Miami, Topeka, or New York.

Holidays

The following are national holidays:

January 1	New Year
March 1	Heroes' Day
March/April	Holy Thursday
	Good Friday
May 1	Labor Day
May 15	Independence Day
June 12	Chaco Armistice
August 15	Founding of Asuncion
September 29	Victory at Boqueron
December 8	Virgin of Caacupe Day
December 25	Christmas Day

Business Infrastructure

Asuncion's taxi network is well developed as the public transportation system is inadequate for business purposes. The poor telecommunications infrastructure represents an important obstacle for business. Paraguay is connected to the Internet, making e-mail viable. Cellular telephony is also available and business travelers often obtain a cell phone locally for extended stays. Hotels are comfortably furnished and prices are lower than in other Southern Cone cities. No international hotel chains currently operate in Paraguay. Most types of foods are available at low prices by international standards. Asuncion has no particular health risks and no special precautions need be taken. However, there have been reported cases of dengue fever in Asuncion and malaria and dengue in the Caaguazu, Alto Parana, Canindeyu, and Guaira departments, approximately 160 kilometers to the east of Asuncion. Tap water is potable in the Asuncion area only. Sanitary conditions are generally adequate. There are competent doctors, dentists, and specialists in Asuncion.

Guides for Business Representatives are available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; tel: (202)512-1800; fax: (202)512-2250. Business travelers to Paraguay seeking appointments with U.S. Embassy - Asuncion officials should contact the Economic/Commercial Section in advance. The Economic/Commercial Section can be reached by telephone at 595/21/213715; fax: 595/21/215079.

Chapter 10. Appendices

Appendix A: Country Data

--Population: Approximately 5 million, annual growth rate: 3 percent. Population density: 12 inhabitants per square kilometer (32 persons per square mile). 90 percent of the population is of European-Guarani descent; 50 percent is less than 18 years old. The vast majority of the population resides in the eastern region of the country, about half in urban areas.

--Religion: The new 1992 Paraguayan Constitution established freedom of worship, cult, and ideology. The majority of Paraguayans are Roman Catholics.

--Government System: Representative republic with three branches of government. The President, elected by direct vote for one five-year term, heads the executive branch. The legislative branch consists of two chambers, the Senate and Chamber of Deputies. The Chamber of Deputies has 80 members, apportioned among the seventeen departments and the capital. The Senate has 45 members with national representation. The judicial branch consists of the Supreme Court, made up of nine members, courts of appeal, and various district courts. The country is divided into 17 departments governed by elected governors, and into municipalities governed by around 200 elected mayors.

--Languages: Official: Spanish. National native language: Guarani. English, Portuguese, and German are also understood by many in the business community.

--Work Week: For those over 18, the work week is eight hours per day/48 hours per week. Night shifts must not exceed seven hours per day/42 hours per week. Overtime is permitted for special reasons, but must not exceed three hours daily, occur more than three times a week, nor, when added to normal work hours, exceed 56 hours a week. Commercial working hours are generally 8:00 AM to 12:00 noon and 3:00 PM to 7:00 PM Monday through Friday; and 8:00 AM to 12:00 noon Saturdays. Banking hours are 8:45 AM to 4:00 PM Monday through Friday, but in most banks the public is received only up to 12:15 PM.

Appendix B: Domestic Economy

	1996	1997	1998
--Nominal GDP ($ millions)	9,576	9,612	9,564
--GDP Growth Rate 1995 (Pct)	1.3	2.6	-0.5
--GDP Per Capita (1982 $)	1,634	NA	NA
--Govt. Spending as Pct of GDP	17.0	18.0	18.0
--Inflation (Pct)	8.2	6.2	14.0
--Unemployment (Pct)	9.8	12.0	12.0
--Foreign Exchange Reserves ($M)	1,062	846	890
--Year End Exchange Rate($1.00)	2,110	2,294	2,830
--Foreign Debt ($M)	1,336	1,437	1,475

	1996	1997	1998
--Debt Service Ratio (Ratio of Principal and Interest Payments on Foreign Debt to Foreign Income)	1.16	1.15	1.15
--U.S. Econ/Military Assistance ($M)	5.0	6.0	7.0

Appendix C: Trade

($ Millions)	1996	1997	1998
--Total Country Exports	4,004	3,609	3,384
--Total Country Imports	4,382	4,214	3,660
--U.S. Exports (US Data)	897	913	786
--U.S. Exports (Paraguay Data)	375	400	360
--U.S. Imports (US Data)	42	40	33
--U.S. Share of Imports (Pct)	20	22	23
Imports of Manufactured Goods:			
--Total (Worldwide)	2,400	2,500	2,000
--From the U.S. (Paraguay Data)	375	400	320
--U.S. Share of Manufactured Imports (Pct)	16	16	16
--Manufactured Goods Trade Balance with the U.S.	-855	-873	-752

Principal U.S. Exports in 1998 (harmonized codes):
--H8473 Parts & Accessories for ADP Machines & Units, Etc.
--H8471 Computers & Components (automatic data processing machines)
--H8542 Integrated Circuits
--H2402 Cigarettes Containing Tobacco
--H8525 Transmission Apparatus for Radio-telecommunications

Principal U.S. Imports in 1998(harmonized codes):
--H4412 Veneer/Plywood
--H1701 Cane Sugar Raw
--H0511 Raw Hides
--H4104 Bovine or Equine Leather
--H9801 U.S. Goods in Chapter 88 Returned after Exported

Appendix D: Investment Statistics

The Government of Paraguay indicates that several hundred million dollars in investment projects have been approved in the past few years, but these figures reflect the potential value of the projects, not the amount invested.

According to the 1996 UNCTAD World Investment Report, Paraguay attracted approximately $100 million of foreign investment per year in 1994 and 1995.

Appendix E: U.S. and Country Contacts

1. U.S. Embassy Trade Related Contacts

U.S. Embassy Asuncion
Mr. Stephen McFarland, Chargé d'Affaires
Mr. Richard C. Boly, Economic and Commercial Officer
Ms. Beatriz Schaerer, Commercial Specialist
Unit 4711
APO AA 34036-0001
Ph: 595/21/213715 - Fx: 595/21/215079
E-mail: bolyrc@asuncionb.us-state.gov
Web: www.usembparaguay.gov.py

2. AmCham and/or Bilateral Business Councils

Camara de Comercio Paraguayo-Americana, Asuncion
Mr. Franklyn Kennedy, President
Mr. Gerald McCulloch, Executive Director
Edificio Internacional Faro, Piso 4
Calle General Diaz 521
Asuncion, Paraguay
Ph & Fx: 595/21/442135, 442136
E-mail: pamchamb@conexion.com.py
Web: www.conexion.com.py/amcham

Camara de Comercio Paraguayo-Americana, Ciudad del Este
Mr. Faisal Hammoud, Chairman
Mr. Jeffrey W. Hesler, General Manager
Av. Boqueron 803, Piso 2
Ciudad del Este, Paraguay
Ph: 595/61/512287, 512289 - Fx: 595/61/512308
E-mail: amcham@fnn.net

3. Country Trade or Industry Associations in Key Sectors

(National Business Council:)
FEPRINCO--Federacion de la Produccion,
la Industria y el Comercio
Calle Palma 751, Piso 3
Asuncion, Paraguay
Ph & Fx: 595/21/446638, 444963
Contact: Sra. Ana Cabrera, Gerente General

(Industrial Association:)
UIP--Union Industrial Paraguaya
Casilla Postal 782
Calle Cerro Cora 1038
Asuncion, Paraguay
Ph: 595/21/212556, 212558 - Fx: 595/21/213360
Contact: Sra. Maria del Carmen Poletti, Gerente General

4. Key Government Offices

(Ministry of Industry & Commerce:)
Ministerio de Industria y Comercio
Excmo. Señor Ministro, Dr. Guillermo Caballero-Vargas
Casilla Postal 2151
Av. Espana 323
Asuncion, Paraguay
Ph: 595/21/204833 - Fx: 595/21/213529

(Ministry of Agriculture & Livestock:)
Ministerio de Agricultura y Ganaderia
Excmo. Señor Ministro, Lic. Luis Alberto Wagner
Calle Presidente Franco y 14 de Mayo
Asuncion, Paraguay
Ph & Fx: 595/21/449614 - Fx: 595/21/447473

(Ministry of Public Works & Communications:)
Ministerio de Obras Publicas y Comunicaciones
Excmo. Señor Ministro, Dr. Jose Alberto Planás
Calle General Diaz y Alberdi
Asuncion, Paraguay
Ph: 595/21/496666 - Fx: 595/21/473625

(Customs Bureau:)
Direccion General de Aduanas
Director General, Dr. William Osvaldo Irrazabal
Calle Colon y Plazoleta del Puerto
Asuncion, Paraguay
Ph: 595/21/493891 - Fx: 595/21/444433, 444433

(Export and Investment Promotion Bureau:)
PROPARAGUAY--Direccion General de Promocion de las
Exportaciones e Inversiones
Director General, Dr. Armando Hermosilla
Casilla Postal 1772
Edificio Ayfra, Piso 12
Calle Presidente Franco y Ayolas
Asuncion, Paraguay
Ph: 595/21/444113, 493625 - Fx: 595/21/493862
E-mail: dic@proparaguay.gov.py
Web: www.proparaguay.gov.py

(Standards & Technology Institute:)
INTN--Instituto Nacional de Tecnologia y Normalizacion
Director General, Dr. Jose Martino
Casilla Postal 967
Av. Artigas y Roa
Asuncion, Paraguay
Ph: 595/21/290266 - Fx: 595/21/290873

5. Country Market Research Firms

PRICE WATERHOUSE
Socio a Cargo, Dr. Alejando Guichon
Edificio Internacional Faro, Piso 6
Calle General Diaz 521
Asuncion, Paraguay
Ph: 595/21/445003 - Fx: 595/21/444893

KPMG
Socio/Gerente, Dr. Oscar Benitez-Codas
Edificio InterExpress, Piso 19
Calle Herrera 195
Asuncion, Paraguay
Ph: 595/21/498120, 490100 - Fx: 595/21/442504
E-mail: kpmg@kpmg.com.py

CAM--Consultores Asociados de Marketing
Gerente General, Juan E. Cabala
Edificio Banco Exterior, Pisos 12/13
Calle Yegros 437
Asuncion, Paraguay
Ph: (595-21)441024, Fx: (595-21)441164
E-Mail: cam@pla.net.py

FRETES VENTRE Y ASOCIADOS
Socio/Gerente, Dr. Leonardo Fretes-Ventre
Casilla Postal 843
Calle Humaita 994
Asuncion, Paraguay
Ph & Fx: 595/21/491461, 448730 - Fx: 595/21/493517
E-mail: fretesv@infonet.com.py

MONITOR S.A. CONSULTORA
Gerente General, Dr. Enrique Bendaña
Calle Mariscal Estigarribia 1731
Asuncion, Paraguay
Ph: 595/21/207391, 207394 - Fx: 595/21/207395
E-mail: monitor@uninet.com.py

6. Commercial Banks (Selected List)

Citibank, N.A.
Vice Presidente y Gerente General, Sr. Felipe Cavalcanti
Casilla Postal 1174
Calle Estrella Y Chile
Asuncion, Paraguay
Ph: 595/21/494951, 494952 - Fx: 595/21/444820

ABN-AMRO Bank N.V.
Gerente General, Sr. Herman Klaassen
Casilla Postal 1180
Calle Haedo e Independencia Nacional
Asuncion, Paraguay
Ph: 595/21/490001, 490002 - Fx: 595/21/491734

Lloyd's Bank Plc
Gerente Principal, Sr. Stuart Duncan
Casilla Postal 696
Calle Palma y O'Leary
Asuncion, Paraguay
Ph: 595/21/6183000 - Fx: 595/21/443569

Banco Sudameris Paraguay S.A.
Gerente General, Dr. Giuseppe Di Francesco
Casilla Postal 1433
Calle Independencia Nacional 102
Asuncion, Paraguay
Ph: 595/21/494542 - Fx: 595/21/448670

7. Multilateral Development Bank Offices in Paraguay

IDB--Interamerican Development Bank
Representante, Raul Baginski
Edificio Aurora I, Piso 2
Calle Caballero 221
Asuncion, Paraguay
Ph: 595/21/492061/5 - Fx: 595/21/446537

The World Bank
Representante Residente, Peter Hansen
Edificio El Ciervo, Piso 3
Calle 14 de Mayo 535
Asuncion, Paraguay
Ph: 595/21/493755/6 - Fx: 595/21/450305

8. Other U.S. Government Resources

- TPCC Trade Information Hotline: 1-800-USA-TRADE
- U.S. Department of State, Office of the Coordinator for Business Affairs: Phone: (202)746-1625/Fax: (202)647-3953
- U.S. Department of Commerce Paraguay Desk: Valerie Dees, Phone: (202)482-0477/Fax: (202)482-4726
- U.S. Department of Agriculture, Foreign Agricultural Service, Trade Assistance/Promotion Office: Phone: (202)720-7420
- OPIC--Overseas Private Investment Corporation: Phone: (202)335-8799

Appendix F: Trade Event Schedule

--EXPOMATICA'99. Asuncion. Computer Trade Show. September/October, 1999.

--EXPO 2000--XIX INTERNATIONAL LIVESTOCK, AGRICULTURE, INDUSTRY, COMMERCE, AND SERVICES EXPO/FAIR. Asuncion. July 9-24, 2000.